A STUDY OF PATTERN OF SAVINGS AND INVESTMENT OF INDIVIDUAL INVESTORSIN NORTH MAHARASHTRA

Resume

Submitted to

Swami RamanandTeerthMarathwada University,

Nanded

For the registration of degree of

DOCTOR OF PHILOSOPHY (Ph.D)

IN

COMMERCE

UNDER THE FACULTY OF

COMMERCE

BY

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December - 2014

1. INTRODUCTION :

India is a country where saving ratio is highest as compared to the rest of the world. Investors are keeping their investment with banks and investing in saving certificates and public provident fund etc in large amount. [1]Rs. 3, 93, 894 Crores are kept with banks by urban and rural investors. In the year 2012-13 the total contribution to Public provident fund was Rs. 2, 25,492 Crores. 45% of urban population and 62% semi-urban population is using banks as the major instrument of saving. The awareness of saving has largely increased. The country is considered as one of the major economic power in terms of agriculture. Saving habits continue though there is a transition to service sector. Traditionally saving and investments were made in precious metals, stones, gold, livestock, land etc. Now, it has changed to money market and innovative financial securities.

When expenditure is deducted from income it is available for saving. It is an individuals' choice to invest as per his/her knowledge, awareness and information. The amount is used for meeting the short term known/unknown liabilities. The amount kept aside for long term purposes with an intention to earn reasonable returns is regarded as an investment. Savings and investment factors in economy are essential for economic growth. It is said that saving generates investment, investment generates capital, and capital generates employment opportunities. To expand this change and consume the fruits of economy, proper saving habits, investment attitude need to be developed.

The researcher is interested in conducting the study of investment and savings pattern of individuals and choices of investment scheme selected by the investors from the region of North Maharashtra. Being a professional, the researcher would like to study the various aspects mentioned above and would try to highlight the characteristics, advantages and disadvantages of savings and investment of individuals in North Maharashtra region. Large number of investors are put to hardship and lose their money. Due to faulty choice of investment the amounts are irrecoverable. The renowned scams like Harshad Mehta Scam, Ketan Parakh scam, Satyam,

[1]. Business standard, March 17th, 2012

Sahara group are the examples. In Nashik, large number of small and middle class investors have lost huge amount of money in frauds like KBC, Kapaleshwar Co-operative Society etc.

Financial awareness is necessary for investors to make investment. Education is a process by which investors improve their understanding of financial products, concepts and risks involved. Here they develop the skill and confidence to become more aware of financial risk and opportunities to make choices, to know where to go for help and to take other effective remedial measures to improve financial wellbeing. The personal financial management is very important in the life of an individual, since it is related to financial stability, security and liquidity. Large number of families get disturbed due to faulty financial planning, wrong savings pattern and wrong selection of investment instrument. Creation of awareness, comparison of investment scheme, correlation of investment and age are the factors to be considered. Personal finance is the application of principles of finance in the monetary decisions of individual and family as a whole. The personal management is the anticipation, acquisition, allocation and assessment of finance of an individual.

[2]The Reserve bank of India introduces centers known as financial literacy and credit counselling centers in India to help investors.

[2] . IOSR Journal of Economic & Finance (IOSR-JEF)

e-ISSN: 2278-0661, p- ISSN: 2278-8727Volume 2, Issue 1 (Nov. - Dec. 2013), P 53-54

2. STATEMENT OF THE PROBLEM :

To achieve the financial security, stability and family wellbeing the person earning income tries to save and invest some portion of his or her income. It depends on the factors like total income, periodicity of income, consumption expenditure and future plans. The individual may be salaried, businessman or professional will try to save to meet the future contingencies and provisions for different events. Various saving patterns like savings bank accounts, time deposits, national saving certificates, postal scheme, life insurance scheme, public provident fund, mutual fund, equity shares etc. are available for investors. There is also periodicity for all these instruments of investment. For the purpose of short term needs an individual may select savings bank account. For the long term needs investor may go for real estate, public provident fund, bonds, equity shares, Kisan Vikas Patra etc.

Sometimes the selection of pattern of savings and investment may be made with the advice of friends, relatives, authorized or unauthorized agents etc. The decision of investment may not match the purpose of investment. The return from investment may not be as per the expectations. There can be unnecessary blockage of funds without substantial returns. Here the opportunity may be lost by the investors to save and invest in different type of securities which are not as per his/her choice. Investor may suffer financial loss due to wrong place of investment, wrong type of selection pattern and faulty selection of investment instrument. It is the common practice that agents related to various investment schemes may give lucrative offers to general public for the collection of money. In real sense, the expected rate of return is not achieved.

There is a need of investor’s education in India right from secondary school to higher education. The study of individual savings pattern and investment will bring into light the fallacious decisions and help investors to take prudent decisions about personal financial planning.

3. NEED OF THE STUDY :

Finance is not only the life blood of the business but it is life blood of an individual also. Correct savings pattern and prudent investment approach will provide stability, liquidity and security in terms of finance to the family. The wellbeing and peace of the family as well as of the society can be maintained.

3.1 There is a need to study the savings pattern of an individual investor for assessment of correct decisions.

3.2 There is a need to analyze various schemes and patterns available for individual investors depending on the factors like risk, return, age of investor and objectives of investment.

3.3 There is a need to guide the investors for taking correct decision in relation to savings and investment.

3.4 There is a need to make investors aware about personal financial planning and its consequences.

3.5 There is a need to highlight all the opportunities available for investors in relation to his/ her income and age.

4. RELEVANCE OF THE STUDY :

The study is relevant for making financial plan for investors. It will guide new investors. Nashik is considered as growing city where around 3000 small and medium scale industries thrive. They provide employment opportunities to large number of people. Real estate is considered as a good investment opportunity. Present and future investors will be benefited by the study. Dhule is considered as the tribal belt. The financial security is essential for socially and economically deprived people. The study will provide an opportunity for individuals to learn and take proper financial decisions.

5. OBJECTIVES OF THE STUDY :

The researcher has set the following objectives related to Pattern of savings and investment of individual investors.

5.1 To study the savings pattern of individual investors.

5.2 To study the investment choices made by investors to evaluate the opportunities available for investors.

5.3 To know various schemes available for investors.

5.4 To analyze various investment options.

5.5 To make investors aware about proper choices.

6. JUSTIFICATION OF OBJECTIVES :

6.1 Savings pattern of individual investors : Study covers the savings pattern of an individual investor. It is necessary to consider different savings pattern as it differs from individual to individual.

6.2 Investment choices made by investors : Different investment choices are available to the investor. Information about proper investment option assists them to make financial planning effectively and efficiently.

6.3 Various schemes available for investors : Various schemes like bonds, provident fund, life insurance, fixed deposits, mutual fund, equity shares, etc are available for investors.

6.4 Analysis of various investment options : Choosing investments is just the beginning of work as an investor. Different investment choices are available. It is necessary to analyze different options available.

6.5 Make investors aware about suitable choices : It is important to understand what your investment choices are? How different types of investments are made? Many investors will often refuse to admit that their decision was made in poor judgment which results in loss of money. It is necessary to create awareness amongst investors to make proper choices.

7. LIMITATIONS OF THE STUDY :

7.1 The study is limited to Individual investor only.

7.2 The study is limited up to the North Maharashtra region (i.e. Nashik and Dhule city).

7.3 The study is limited up to savings and investment pattern without considering the consumption function.

8. STATEMENT OF HYPOTHESIS :

8.1 The individual investors seek advice from financial experts for purpose of savings and investment.

8.2 Savings and investment pattern of an individual investor are positively correlated with income, age and tax liability.

9. WORKING DEFNITIONS OF THE TERM USED :

9.1 Individual : [3]An individual is a single human being, as distinguished from a group.

9.2 Investment : [4]Purchase of a financial product or other item of value with an expectation of favorable future returns.

9.3 Saving : [5]Saving is that portion of disposable income which is not spent on consumption of consumer goods but accumulated or invested.

9.4 Investor : [6]An investor is a person who allocates capital with the expectation of financial return.

9.5 Financial Management : Financial management is that managerial activity which is concerned with the planning and controlling of the firm's financial resources.

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[3]. www.dictionary.com

[4] . www.investorwords.com

[5]. www.businessdictionary.com

[6] . en.wikipwdia.org

10. SCOPE OF THE STUDY :

10.1 The study covers the savings pattern of investors.

10.2 The study covers choices of type of investment selected by various investors.

10.3 The geographical area of the study includes North Maharashtra region, with special reference to Nashik and Dhule city.

10.4 The study covers analysis of various government and private securities.

11. RESEARCH METHODOLGY :

Research methodology is a science of studying how research is done scientifically. It is a way to solve the research problem systematically. The present study is an empirical survey of descriptive type.

11.1 Methods of data collection

Primary Data	**Secondary Data**
Observation Method	Reference Books
Interview Method	Internet
Questionnaire Method	Journals/ Periodicals

11.2 Primary Data :

The primary data is the data collected by the researcher herself. It is more authentic and reliable. It can be obtained by using techniques like questionnaire, interview, observation and by providing schedules etc. In this study researcher will use questionnaire method as a technique of primary data collection.

11.3 Secondary Data :

The data collected by different agencies and research may be used by main researcher which is considered as secondary data. It may be collected from academic journals, newspapers, annual reports, government reports and websites. In the said research secondary data collected from various sources will be used.

12. SAMPLE SIZE :

A sample is a selection of certain percentage of group of items according to predetermined plan. It is a smaller representation of a total data popularly known as universe or population. For the purpose of selecting respondents' multistage random sampling technique is followed. In the first stage five districts namely, Nashik, Dhule, Nandurbar, Jalgaon, Ahmednagar from North Maharashtra is considered as universe for the study. Out of which, at the second stage two districts Nashik and Dhule are randomly selected for the study. From each districts 200 respondents' will be selected. In this study the sample size will be determined as follows.

No.	Type of Investor	Range of Income (In lakhs)				Total
		below 10		10 and above		
		Nashik	Dhule	Nashik	Dhule	
1.	Government Employee	25	25	25	25	100
2.	Private Employee	25	25	25	25	100
3.	Businessmen	25	25	25	25	100
4.	Professionals	25	25	25	25	100
	Total	100	100	100	100	400

13. JUSTIFICATION :

The sample size is classified as above. From each class 100 investors will be considered as a sample which is same as the specified sample, however, it will be selected using random sampling, the same technique will be used for professionals and businessmen.

The financial professional, insurance agents and advisors can provide information about savings and investment pattern of the clients.

14. TECHNIQUES OF ANALYSIS OF THE DATA :

The collected data will be analyzed and processed in light of objectives of the research. Following techniques will be used for analysis and interpretation.

1. The average and proportion as a mathematical and statistical tools will be used for the purpose of analysis and interpretation.
2. The other mathematical and statistical tools and techniques will be used as per the availability of the data.
3. Classification, tabulation will be used wherever necessary.

15. REVIEW OF IMPORTANT RELEVANT LITERATURE ON THE STUDY :

For the purpose of study published/unpublished research papers, presentations, books and articles on personal finance, savings and investment will be used viz. The Economic times, The Hindu, BusinessLine, Financial Express, Investors, Business Today, Business Standards etc. will be considered.

16. LIKELY CONRTIBUTION :

1. The research will be helpful to present investors to take appropriate decisions in future.
2. It will act as a guide for emerging investors.
3. It will create awareness among investors regarding frauds and lucrative practices.
4. It will guide them to take prudent decisions.

17. TENTATIVE CHAPTER SCHEME :

Chapter 1 : Introduction

Chapter 2 : Review of Literature

Chapter 3 : Various savings and investment avenues

Chapter 4 : Data of individual investors from selected cities

Chapter 5 : Analysis and interpretation of data

Chapter 6 : Findings conclusions and suggestions

18. TENTATIVE SCHEME OF REPORTING :

1. January 2015 to June 2015 - Review of literature and collection of information from Government reports
2. July 2015 to December 2015 - Chapter 1 to Chapter 3
3. January 2016 to June 2016 - Collection and analysis of the data
4. July 2016 to December 2016 - Preparation and submission of final draft

19. REFERENCES :

1. Books

2. Journals

3. Published/ unpublished articles

Signature	Signature
Sneha Tatar	Dr. Jayant Joshi
Research Scholar	Research Guide

Examinations
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VALIDITY CERTIFICATE

Ph. D. ENTRANCE TEST (PET) - 2014.

This is to certify that shri/ku/smt. SNEHA ARVINAD TATAR has Passed Ph. D. Entrance Test (PET) in the subject COMMERCE held on August 03, 2014.

This Certificate will be valid for one year from the date of conduct of Ph. D. Entrance Test (PET).

CONTROLLER OF EXAMINATIONS

Date : October 09, 2014.

Place : Nanded.

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स्वामी रामानंद तीर्थ
मराठवाडा विद्यापीठ
नांदेड – ४३१६०६ (महाराष्ट्र)

(A UGC 2(f), 12(B) recognized & NAAC Re-accredited (Score 3.19) State University)

Certification of Allocation

This is to Certify that meeting of Research Allocation Committee for **PET 2014** in the Subject of **Commerce** under the faculty of **Commerce** is held on **15/12/2014**.

In the Said meeting Mr./Ms Sneha Arvind Tatar has been Allocated to Supervisor, Dr Dr. Jayant Joshi address S.R.T.M.U. Nanded to complete his/her Ph.D. work.

15.12.2014
Dean of the Faculty and Chairman, RAC

Date : 15/12/2014

Copy to

1-Supervisor, with request to accommodate and supervise the aforesaid Research Scholar

2-Research Centre for information and necessary action.

3-Research scholar, with instructions to contact the Supervisor for preparing the Synopsis is to be submitted to P.G. Section of the university within two weeks, which will be placed before Research & Recognition Committee for its consideration, the Research scholar has to appear before the RRC at the time it's meeting. Which will be not fied on university website in due course of time.